

Message Text

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44

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CIAE-00 EB-11 FRB-02 INR-10

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E.O. 11652: ADS DECLAS 8/24/74

TAGS: EFIN, MT

SUBJ: AMERICAN INVOLVED IN LOCALLY BASED UNIT TRUST SCANDAL

1. ENGLISH LANGUAGE DAILY MALTA NEWS STATES IN AGUST 24 EDITION THAT "BUSINESS NEWS" SECTION AUGUST 19 LONDON SUNDAY TIMES REPORTS MEDITERRANEAN INVESTMENT FUND (MIF), WHICH FORMERLY OPERATED UNIT TRUST IN MALTA, INVOLVED IN SCANDAL.

2. REPORT INDICATES INTERNATIONAL CAPITAL MANAGEMENT (ICM) WHICH CONTROLLED MIF IN MALTA TAKEN OVER BY AMERICAN "CRIMINAL" HUGH E. WINCHESTER, "BETTER KNOWN AS ED (THE PAPERHANGER) WUENSCH...WINCHESTER WAS GIVEN A FREE PARDON BY THE DEPARTMENT OF JUSTICE AND PROVIDED WITH NEW IDENTITY AFTER BEING FOUND GUILTY OF DISPOSING OF US \$40-50 MILLION OF STOLEN US SECURITIES. WINCHESTER WAS LATER FOUND TO BE TRYING TO SELL UNREGISTERED SECURITIES TO SWISS BANKS IN SWITZERLAND."

3. THE MALTESE PARTNER INVOLVED IN MIF IS ALFRED J. BALDACCHINO,
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LOCAL ECONOMIST MAJOR SHAREHOLDER AOF WESTMINISTER GROUP, AND

LOCAL REPRESENTATIVE OF INTERNNATIONAL BUSINESS MACNINE CORPOR-
ATION. ACCORDING TO PRESS REPORT BALDACCHINO AGREED TO DIVERSIFY
FUNDS, ABOUT US \$3 MILLION, FROM STABLE INVESTMENT COMPANIES TO SHARES

FALL RIVER INDUSTRIES, HAWAIIAN WINES, MARLIN INDUSTRIES,AFTER
GROUP OF ENGLISH COMPANIES WHICH MANAGE ICM SOLD THEIR SHARES
TO WINCHESTER.

4. COMMENT: IN VIEW OF SUSPICIONS THE FUND WAS IN TROUBLE,
PERMISSION FOR MIF TO OPERATE IN MALTA UNDER SECTION 53 OF THE
CENTRAL BANK OF MALTA ACT WAS WITHDRAWN IN LATE 1972. ON APRIL 14,
1973, MINISTER OF FINANCE AND CUSTOMS ABELA APPOINTED MR. F.X.
DARMANIN TO TAKE CHARGE OF ASSETS OF MIF "TO PROTECT INTEREST OF
INVESTORS IN FUND."
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